

LAW OFFICES OF  
KIMBALL, PARR, WADDOUPS, BROWN & GEE  
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CLAYTON J. PARR

DOGM  
MINERALS PROGRAM  
FILE COPY

RECEIVED

MAR 14 1991

DIVISION OF  
OIL GAS & MINING

March 14, 1991

**HAND-DELIVERED**

Lowell P. Braxton  
Associate Director, Mining  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Re: Geneva Steel Iron Mountain Mine and Comstock  
Mine M/021008 and M/021/005, Iron County, Utah

Dear Lowell:

Pursuant to your request, I have incorporated language into paragraph 5 of the Interim Reclamation Contract to cover the situation that will exist if Geneva fails to obtain a definitive Reclamation Contract and an accompanying surety before the end of the one year term of the Interim Contract.

The wording of the added sentence tracks a similar provision in paragraph 8 of the Self Bonding and Surety Agreement, so I hope it is satisfactory.


Geneva intends to act expeditiously in providing the necessary information and establishing the details of the final reclamation plan. No doubt the Division will also work to expedite the process, but we assume that some latitude will be given if delays are no fault of Geneva.

Lowell P. Braxton  
March 14, 1991  
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We appreciate your cooperation. Please let me know if additional changes are necessary or if any other information is needed.

Very truly yours,

  
Clayton J. Parr

CJP/wc  
Enclosure

cc: Roy Benson  
Lynn Hart



FORM MR-RC  
Revised May 30, 1990  
RECLAMATION CONTRACT

File Number \_\_\_\_\_  
Effective Date \_\_\_\_\_

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

INTERIM RECLAMATION CONTRACT

---ooOoo---

For the purpose of this INTERIM RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) \_\_\_\_\_  
M/021/005; M/021/008; \_\_\_\_\_  
M/021/001 (partial) \_\_\_\_\_  
(Mineral Mined) \_\_\_\_\_  
Iron Ore \_\_\_\_\_

"MINE LOCATION":  
(Name of Mine) \_\_\_\_\_  
Comstock; Iron Mountain \_\_\_\_\_  
(Description) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

"DISTURBED AREA":  
(Disturbed Acres) \_\_\_\_\_  
Exhibit A \_\_\_\_\_  
( Legal Description ) \_\_\_\_\_  
Exhibit A \_\_\_\_\_  
\_\_\_\_\_

"OPERATOR":  
(Company or Name) \_\_\_\_\_  
Geneva Steel \_\_\_\_\_  
(Address) \_\_\_\_\_  
P.O. Box 2500 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



DRAFT  
04/09/91  
8:43am

Provo, Utah 84603

(Phone No.)

(801) 227-9000

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"OPERATOR'S REGISTERED AGENT":

Robert A. Johnson

(Name)

Vice President and General Counsel

(Address)

Geneva Steel

10 South Geneva Road

Vineyard, UT 84058

(Phone No.)

227-9000

"OPERATOR'S OFFICER(S)":

Joseph A. Cannon - President, CEO

Robert J. Grow - Executive Vice

President, Chief Operating Officer

"SURETY":

(Form of Surety - Exhibit B)

Self Bonding Agreement

"SURETY COMPANY":

(Name, Policy or Acct. No.)

See Exhibit B

"SURETY AMOUNT":

(Escalated Dollars)

\$1,180,500

"ESCALATION YEAR"

"STATE":

State of Utah



"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

A "DISTURBED AREA":  
B "SURETY":

Revision Dates:

\_\_\_\_\_  
\_\_\_\_\_

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This Interim Reclamation Contract (herein referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator ~~desires to conduct mining operations~~ has entered into a Reclamation Contract with the state of Utah by and through the Division of Oil, Gas and Mining (the "Division") relating to an approved reclamation plan under Notice of Intention (NOI) File No. \_\_\_\_\_ which has been approved by the Division under the ~~Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended)~~ (hereinafter referred to as "Act") M/021/008, and has provided surety therefore approved by the Board of Oil, Gas and Mining (the "Board"); and

WHEREAS, the Division and the Operator desire that NOI M/021/008 be modified to include nearby small mining operations of Operator; and

~~implementing rules~~ WHEREAS, the Operator has purchased the so-called Comstock Mine from CF&I Company, and that mine is subject to NOI M/021/005 held by CF&I; and

WHEREAS, the Operator has applied for transfer of NOI M/021/005 to Operator, and approval of such transfer requires that Operator enter into a reclamation contract with the Division and provide a substitute surety bond approved by the Board; and

WHEREAS, the Operator has purchased the so-called UII Comstock Plant Area from BHP Utah International, Inc., and that area, together with other properties held by BHP Utah International, Inc., is subject to NOI M/021/001 held by BHP; and

WHEREAS, the Operator has applied for a partial transfer of NOI M/021/001 to Operator, and approval of such transfer require that Operator enter into a reclamation contract with the Division and provide a substitute surety bond approved by the Board; and

WHEREAS, the Operator and the Division desire to consolidate NOI's M/021/008, M/021/005, and the portion of M/021/001 covering the UII



Comstock Plant Area (referred to as "the Subject NOI's") into a single  
NOI; and

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WHEREAS, additional technical data must be provided by Operator and reviewed by the Division in order to finalize the Operator's revised and consolidated reclamation plan and to determine with precision the amount of the surety needed therefor; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area and the Board have agreed that an interim reclamation contract should be entered into by Operator and the Board and an interim surety bond be provided by Operator to be effective until Operator's revised and consolidated reclamation plan is approved and a final reclamation contract with an accompanying surety bond can be consummated.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan Subject NOI's, and the reclamation plans under the Subject NOI's as applicable.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable



replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an

Page 3 4 of \_\_\_\_\_



acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.

3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the ~~Notice of Intention, and the Reclamation Plan.~~ Subject NOI's, and the reclamation plans under the Subject NOI's as applicable.

~~5. The Operators~~ 5. This Contract shall remain in force until superseded by a definitive Reclamation Contract and an accompanying surety bond based upon an approved reclamation plan covering the Disturbed Area to be defined with particularity therein, which should occur within one year of the date hereof. If the Operator fails to secure an approved definitive Reclamation Contract and an accompanying surety covering the disturbed area within one year after the Effective Date of this Contract, Operator will initiate reclamation or petition the Board for an extension of this Contract or for such other relief as may be appropriate under the circumstances. The Operator's liability under this Contract ~~shall continue in full force and effect until~~ may be partially terminated and the amount of the surety adjusted correspondingly if the Division certifies that the Operator has reclaimed discrete portions of the Disturbed Area in accordance with the Act



and implementing rules, the ~~Notice of Intention~~  
~~and the Reclamation Plan.~~ Subject NOI's and the  
reclamation plans, as applicable.

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6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.

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9. If Operator shall default in the performance of the obligations heretofore, Operator agrees to pay all costs and expenses, including attorneys fees and costs generated by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

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12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By \_\_\_\_\_  
Chairman, Board of Oil, Gas and Mining



DIVISION OF OIL, GAS AND MINING:

By \_\_\_\_\_

Director

\_\_\_\_\_

Date

STATE OF \_\_\_\_\_)

) ss:

COUNTY OF \_\_\_\_\_)

On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared before me, who being by me duly sworn did say that he/she, the said \_\_\_\_\_ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

\_\_\_\_\_  
Notary Public

Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:



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(March 1991)

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
3 Triad Center, Suite 350  
355 West North Temple  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

**SELF BONDING AND INDEMNITY AGREEMENT**  
\*\*\*\*\*

This Self Bonding and Indemnity Agreement "Agreement") is entered into by and between {blank} Geneva Steel ("Operator") and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining ("Board"). The Board and the Operator find that:

WHEREAS, pursuant to the Mined Land Reclamation Act, § 40-8-1 et seq., Utah Code Annotated (1953, as amended) ("Act") and applicable rules, the Operator has ~~obtained Permit No. {blank}~~ executed an Interim Reclamation Contract relating to Permit Nos. M/021/001 (partial), M/021/005, and M/021/008 from the Division of Oil, Gas and Mining ("Division") to operate the ~~{blank} Mine, a {blank} mine, in {blank}~~ Comstock and Iron Mountain Mines, both iron mines, in Iron County, Utah, which location is more specifically described in Exhibit A; and,

WHEREAS, the Board and the Operator agree that, upon permanent cessation of operations, complete reclamation of the ~~{blank} Mine Comstock and Iron Mountain Mines~~ pursuant to Permit No. ~~{blank}~~, Nos. M/021/001 (partial), M/021/005, and M/021/008, including revisions and amendments (collectively "Permit ~~Permits~~"), the



Act, and applicable rules is essential to protect the land from future harm due to prolonged deterioration; and,

WHEREAS, the Operator has requested that the Board accept a written contractual agreement as the form of reclamation surety required by the Act; and,

WHEREAS, the Operator has designated {blank} Robert A. Johnson, Vice President and General Counsel, Geneva Steel, 10 South Geneva Road, Vineyard, Utah 84058.

(Name, Title Address)

as its agent for service of process in the State of Utah; and,

WHEREAS, the Operator has been in continuous operation as a business entity for ~~the last five~~ three and one-half years; and,

WHEREAS, as is indicated on the attached financial sheet, the Operator meets the financial criteria for a written contractual agreement; and,

WHEREAS, the Operator has submitted to the Division and Board financial statements which are accompanied by an audit opinion prepared by {blank} Arthur Anderson & Co. which indicated compliance with the financial criteria.

NOW, THEREFORE, in return for permission to ~~mine~~ mine pursuant to the Act, the applicable rules and the Permit, in addition to other consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator agrees to be held and bonds to the Board for the sum of \${blank} \$1,180,500 for the timely performance of reclamation responsibilities for the ~~—{blank} Mine. Permit No.~~ {blank} Comstock and Iron Mountain Mines, Permit Nos. M/021/001



(partial), M/021/005, M/021/008, in United States currency. By the submission of this Agreement, the Operator will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations as set forth and subject to the provisions of the Interim Reclamation Contract are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to reclamation of the {blank} Mine Iron Mountain & Comstock Mines as set forth in the Act, the applicable rules, and the terms of the Permit Permits.

2. The liability under this agreement Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for the Permit Permits for the period of time and in the manner specified in the Act, the applicable rules, and the terms of the Permit Permits. The liability or responsibility of the Operator hereunder is ~~-\${blank}~~, \$1,180,500, provided that the Board may adjust the amount of liability hereunder as provided in Section 5 hereof.

3. {blank} Geneva Steel (operator) hereby agrees to indemnify and hold the Board and Division harmless from any claim, demand, liability, costs, charge, or suit brought by a third party as a result of the Operator's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the Permit Permits and from any failure to comply with the terms of this Agreement.



4. Upon successful completion of part ~~of~~ or all of the obligations secured hereby, the Operator may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall conduct an inspection to ascertain whether duties and obligations of the Operator under the Act, the applicable rules, and the ~~Permit~~ Permits have been fulfilled. If it is determined that such duties and obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of ~~{blank}~~ Iron County, Utah.

5. Periodically or at the request of the Operator, this Agreement shall be reviewed by the Division and the amount of liability adjusted if the Division determines that the cost of future reclamation has materially changed.

6. The Operator may terminate this Agreement by providing written notice to the Board no less than 120 days prior to the date of termination. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination, upon failure of which the notice of termination shall be ineffective.

7. The Board may terminate this Agreement by providing written notice to the Operator no less than 120 days prior to the date of termination unless the Board determines that the Operator no longer meets the financial criteria for a written contractual agreement whereupon the Board may shorten the above-stated notice



period for termination of this Agreement. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

8. If the Operator fails to secure an approved definitive Reclamation Contract and an accompanying surety covering the disturbed area within one year after the effective date of this Contract, or if the Operator fails, within the time periods set out in paragraphs six and paragraph seven of this Agreement, to provide an alternative reclamation surety satisfactory to the Board, the Division or Board may pursue any available remedies, including, but not limited to, the direction to cease all operations at the [blank] Mine and the direction to initiate and complete all reclamation operations at the [blank] Mine. Operator will initiate reclamation or petition of the Board for an extension of this Agreement or for such other relief as may be appropriate under the circumstances.

9. Pursuant to the Interim Reclamation Contract, this Agreement shall be modified or superseded by a surety satisfactory to the Board to assure the performance of reclamation as provided in the final approved reclamation plans for the Permits.

10. This Agreement will be governed and interpreted according to Utah law.

~~10.~~ 11. In addition to any other liability described above, the Operator shall pay reasonable attorney fees and costs costs



incurred by the Board if the Board is successful in any action or suit regarding this agreement.



SO AGREED this {blank} day of {blank}, 19{blank}  
{blank}, 19{blank}.

~~Operator/Company Name~~ Geneva Steel

\_\_\_\_\_  
Date

\_\_\_\_\_  
Corporate Officer Name and title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Corporate Officer Name and Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
James W. Carter, Chairman  
Board of Oil, Gas and Mining

APPROVED AS TO FORM:

\_\_\_\_\_  
Thomas A. Mitchell  
Assistant Attorney General







EXHIBIT A

to  
Self Bonding and Indemnity Agreement  
Geneva Steel

Description of disturbed areas and estimated reclamation costs. All acreages are subject to adjustment after completion of pending survey.

I. Iron Mountain Mine Area

A. Areas described in NOI M/021/008

1.	Iron Mountain	12 acres	\$ 36,000
2.	Blackhawk Fines Area	27 acres	\$ 81,000
3.	Mountain Lion	53 acres	\$159,000

B. Areas not previously covered by NOI's

1.	Burke Pit (Straddles the section line between Sec. 34 and Sec. 35, T36S, R14W. Include portions of SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Sec. 35, and SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 34.	1.5 acres	\$ 4,500
2.	Chesapeake & Excellsior In W $\frac{1}{2}$ SE $\frac{1}{4}$ and S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ , Sec. 25, T36S, R14W.	8 acres	\$24,000
3.	Tip Top In E $\frac{1}{2}$ NW $\frac{1}{4}$ , Sec, 25, T36S, R14W.	3 acres	\$ 9,000

II. Comstock Mine Area

A. Area included among others and described in NOI M/021/002  
(BHP-Utah Minerals International).

1.	UII Comstock Plant Area	36 acres	\$108,000
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B. Area described in NOI M/021/005 (CF&I Company)

1.	Comstock Area (Original acreage 265. Twelve acres subsequently covered by NOI M/021/008 as item I.A.1 above - Iron Mountain Mine)	253 acres	\$759,000
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